



MNI REALITY CHECK: US Employers Undeterred by Delta Surge

By Brooke Migdon

(MNI) Washington - The pace of hiring slowed in August as firms struggled to fill vacancies despite elevated demand for labor, recruiters and industry experts told MNI. But business confidence held steady, despite the rapid spread of the Delta variant of Covid-19 and even unvaccinated consumers through the month weren't likely to pull back on spending or demand for goods and services, they noted.

Job growth in August slowed pretty much across the board, said Nick Bunker, a labor economist at online jobs marketplace Indeed, although much of that slowdown occurred in industries that aren't "pandemic constrained." Manufacturers and construction companies have struggled in recent months to find qualified and available workers for open positions.

Bunker said the spread of the Delta variant of Covid-19 didn't have much of an effect on employer demand through August, and hiring in even the Covid-vulnerable services sector wasn't really affected. That's likely because "a large chunk" of those who are unvaccinated aren't worried enough about the pandemic to pull back on consumption, he said, so demand for services remains high.

But the effects of Delta are likely being felt elsewhere. Job postings for positions in child care fell towards the end of the month, Bunker said, an early warning sign that workers and firms are delaying their return to the office because of an uptick in new Covid cases. That trend, however, won't be reflected in Friday's numbers, falling outside the Bureau of Labor Statistics' survey week period.

RETURN TO OFFICE

Through most of August, employers brought on new staff with a speedy return to the office in mind, favoring locally-based candidates willing to work in person rather than remotely, Tom Gimbel, founder and CEO of the LaSalle Network, told MNI.

"Businesses are actually hiring more people locally to get ready to come into the office, even on a hybrid schedule," he said, comparing that to just six months ago, when firms were hiring remote workers from all over the country. "Now, they're hiring people and saying 'the majority of people we want close to home.'"

Demand for labor through August was widespread, Gimbel said, with spikes in industries like human resources, sales, accounting, and technology. But strong employer demand doesn't necessarily translate into strong hiring, and companies still struggled to find workers for available positions, he said.

Businesses "can no longer just post an ad and pray that somebody is going to respond, because they're not going to," said Yvonne Rockwell, an Express Employment Professionals franchise owner in Santa Clarita, Calif. Employers have needed to get more aggressive and creative in their recruiting efforts, she said, and more are relying on staffing firms such as hers to fill open job orders.

"I've even added to my internal team" to meet elevated demand, she said.

WAGES STILL RISING

Wages remained elevated and were "creeping higher across the board" through August, Rockwell said. Employers also continued to offer better benefits and things like on-the-job training to get workers in the door.

"The bottom line is earnings have gone up," said Frank Fiorille, vice president of risk, compliance, and data analytics at U.S. payroll provider Paychex. Hourly earnings in August were up about 3.5% over last year, the second month above 3% since last August, Fiorille said, citing Paychex data from roughly 350,000 small businesses nationwide, noting most of that growth came from the leisure and hospitality

Meanwhile, hours worked declined slightly through the month, though that could be an encouraging sign that more lower-wage, part-time workers are returning to the labor force, Fiorille said.

Total nonfarm payrolls are expected to increase 750,000 in August, according to Bloomberg, slowing from July's stronger-than-expected 943,000 gain. That estimate sits squarely in the middle of economist projections, with forecasts on the lower end calling for an increase of just 500,000 jobs and forecasts on the upper end expecting a gain of 1 million. The unemployment rate should tick down two-tenths to 5.2% and participation should improve slightly to 61.8% from 61.7% in July.

-- MNI Washington Bureau